

## Message Text

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ORIGIN NEA-10

INFO OCT-01 IO-13 ISO-00 SS-15 NSC-05 CIAE-00 INR-07

NSAE-00 PM-04 L-03 AID-05 H-02 ORM-02 DHA-02 OMB-01

ABF-01 TRSE-00 INRE-00 NSCE-00 SSO-00 /071 R

DRAFTED BY NEA/RA:JRCHEEK:JR

APPROVED BY THE SECRETARY

P:MR. HABIB

NEA:MR. DAY

H:MR. GOLDBERG (SUBS)

PM:MR. ERICSON (SUBS)

AID:MR. MURPHY (SUBS)

IO:MR. BAKER

S/S: MR. ORTIZ

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FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV IMMEDIATE

INFO USMISSION USUN NEW YORK

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FOR AMBASSADOR FROM SECRETARY

E.O. 11652: N/A

TAGS: PFOR, UNRWA, IS

SUBJECT: UNRWA FINANCES

1. UN UNDER SECRETARY GUYER INFORMS US THAT UNRWA HAS A QUOTE NEAR DESPERATE REQUIREMENT UNQUOTE FOR PLEDGES OF AN ADDITIONAL 6 MILLION DOLLARS BY AUG. 15, WITHOUT WHICH IT WILL HAVE TO BEGIN ISSUING TERMINATION NOTICES TO STAFF AND DELAY REOPENING OF SCHOOLS, AND THAT UNRWA WILL NEED A TOTAL OF APPROXIMATELY 17 MILLION DOLLARS (INCLUDING THE LIMITED OFFICIAL USE

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6 MILLION DOLLARS) IN ADDITIONAL FUNDING TO MAKE IT

THROUGH CY 1976. GUYER IS APPEALING TO THE USG AND OTHER GOVERNMENTS FOR HELP. SYG WALDHEIM HAS ALSO SENT A SIMILAR URGENT APPEAR TO PRESIDENT FORD AND OTHER CHIEFS OF STATE.

2. IN CY 1975 THE US CONTRIBUTED 42 MILLION DOLLARS TO UNRWA, DRAWING ON SEVERAL SOURCES OF FUNDS INCLUDING 6 MILLION DOLLARS FROM THE FY 75 MIDDLE EAST SPECIAL REQUIREMENTS FUND (MESRF). FOR CY 76 UNRWA HAD REQUESTED A 44.7 MILLION DOLLAR US CONTRIBUTION, WHICH WE AGREED TO TRY TO PROVIDE. TO DATE IN CY 76 WE HAVE CONTRIBUTED 26.7 MILLION DOLLARS FROM THE REGULAR FY 76/TRANSITIONAL QUARTER (TQ) APPROPRIATION FOR UNRWA AND ADVISED UNRWA THAT AN ADDITIONAL 12 MILLION DOLLARS MAY BE AVAILABLE IN CY 76 FROM OUR PENDING FY 77 APPROPRIATION REQUEST FOR UNRWA. THIS LEAVES A SHORTFALL OF 6 MILLION DOLLARS IN THE SUGGESTED 44.7 MILLION DOLLAR CONTRIBUTION TO UNRWA FOR CY 76. IN VIEW OF UNRWA'S FINANCIAL CRISIS, WE BELIEVE WE SHOULD PROVIDE THIS OUTSTANDING 6 MILLION DOLLARS, WITH THE SPECIFIC UNDERSTANDING THAT THE 11 MILLION DOLLAR BALANCE OF UNRWA'S PROJECTED NEEDS FOR CY 76 MUST COME FROM OTHER DONORS.

3. AN APPROPRIATE SOURCE FOR THIS 6 MILLION DOLLARS WOULD BE THE MESRF. ALTHOUGH THE FY 76/TQ/77 AUTHORIZATION BILL PROVIDED THAT NOT LESS THAN 12 MILLION DOLLARS OF THE MESRF BE CONTRIBUTED TO UNRWA, THE FY 76/TQ APPROPRIATIONS BILL INCLUDES LANGUAGE THAT PROHIBITS ANY USE OF THE MESRF FOR UNRWA. USING 12 MILLION DOLLARS FOR UNRWA WOULD NOT HAVE LEFT SUFFICIENT FUNDS IN THE MESRF TO MEET OUR OTHER OBLIGATIONS TO THE SINAI SUPPORT MISSION, EXPANSION OF UNEF IN THE SINAI AND THE VOLUNTARY AGENCY PROGRAMS IN THE WEST BANK AND GAZA.

4. SINCE WE CANNOT USE THE MESRF AND HAVE BEEN UNABLE TO LOCATE CURRENTLY AVAILABLE FY 76 OR TRANSITION QUARTER (TQ) FUNDS IN OTHER ACCOUNTS, WE HAVE RELUCTANTLY CONCLUDED THAT OUR ONLY APPROPRIATE SOURCE FOR A 6 MILLION DOLLAR CONTRIBUTION TO UNRWA IN THE IMMEDIATE FUTURE IS TQ MIDDLE EAST SECURITY SUPPORTING ASSISTANCE (SSA) FUNDS. ALTHOUGH THESE FUNDS ARE EARMARKED IN THE APPROPRIATION TO LIMITED OFFICIAL USE

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THE INDIVIDUAL COUNTRIES (ISRAEL 75 MILLION DOLLARS, EGYPT 100 MILLION DOLLARS, JORDAN 60 MILLION DOLLARS, AND SYRIA 15 MILLION DOLLARS), WE DO HAVE THE NECESSARY AUTHORITY TO OVERCOME THESE EARMARKS AND TRANSFER SOME OF THESE FUNDS TO UNRWA, SUBJECT TO CONSULTING WITH APPROPRIATE COMMITTEES OF CONGRESS. SINCE THE FOUR ME COUNTRIES INVOLVED ALL SUPPORT UNRWA AND HAVE A SIGNIFICANT STAKE IN ITS CONTINUED, EFFECTIVE OPERATION, WE BELIEVE THE MOST EQUIT-

ABLE PROCEDURE WOULD BE TO TRANSFER 1.5 MILLION DOLLARS FROM THE TQ SSA FUNDS CURRENTLY EARMARKED FOR EACH OF THEM TO PROVIDE THE 6 MILLION URGENTLY NEEDED BY UNRWA.

5. BEFORE PROCEEDING TO SOUND OUT CONGRESS, HOWEVER, WE WANT TO GET IN TOUCH WITH THE POTENTIALLY AFFECTED GOVERNMENTS ABOUT OUR CONTEMPLATED ACTION. SINCE STRONG GOI OPPOSITION TO SUCH A TRANSFER OF FUNDS EARMARKED FOR IT AND THE LIKELIHOOD OF ITS MAKING THIS OPPOSITION KNOWN TO THE CONGRESS WOULD BE A SERIOUS OBSTACLE, WE WANT FIRST TO SOUND OUT THE GOI AND TAKE ITS REACTION INTO ACCOUNT BEFORE APPROACHING THE OTHER GOVERNMENTS. YOU ARE THEREFORE REQUESTED TO APPROACH APPROPRIATE GOI OFFICIALS URGENTLY AND:

-- EXPLAIN UNRWA'S CURRENT FINANCIAL CRISIS AND THE SITUATION THE USG FACES IN ATTEMPTING TO RESPOND WITH A SPECIAL 6 MILLION DOLLAR CONTRIBUTION, AS DESCRIBED ABOVE; EMPHASIZING THAT OUR INABILITY TO USE THE MESRF RESULTS FROM OUR HAVING TO ASSURE ITS AVAILABILITY FOR SUPPORT OF THE SSM AND EXPANDED UNEF.

-- ADVISE THAT WE ARE SERIOUSLY CONSIDERING THE POSSIBILITY OF A TRANSFER OF 1.5 MILLION DOLLARS EACH FROM THE TQ SSA FUNDS CURRENTLY EARMARKED FOR THE FOUR MIDDLE EASTERN COUNTRIES, OBSERVING THAT THESE ARE THE ONLY APPROPRIATE FUNDS WHICH ARE CURRENTLY AVAILABLE FOR AN EMERGENCY USG CONTRIBUTION TO UNRWA.

-- NOTE THAT THE AMOUNT TRANSFERRED WOULD BE RELATIVELY SMALL AND WOULD BE EQUITABLY APPORTIONED AMONG THE FOUR RECIPIENTS AND THAT SUCH TRANSFER WOULD BE MADE AS A LAST RESORT AND WOULD NOT BE VIEWED AS A PRECEDENT FOR THE LIMITED OFFICIAL USE

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FUTURE.

-- EXPRESS OUR HOPE THAT THE GOI, IN VIEW OF ITS SUPPORT FOR UNRWA AND ITS SIGNIFICANT STAKE IN UNRWA'S CONTINUED, EFFECTIVE OPERATION, WILL UNDERSTAND THE DESIRABILITY OF OUR TAKING SUCH ACTION.

6. WE WILL NOT PROCEED UNTIL WE RECEIVE THE GOI'S REACTION AND ANY COMMENTS YOU MAY WISH TO MAKE. A PROMPT REPLY WILL THEREFORE BE APPRECIATED. KISSINGER

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